

AMENDED IN ASSEMBLY MAY 28, 2015

AMENDED IN ASSEMBLY MAY 5, 2015

AMENDED IN ASSEMBLY APRIL 6, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 577

Introduced by Assembly Member Bonilla

February 24, 2015

An act to ~~add Section 39718.5 to the Health and Safety Code, and to~~ add Chapter 7.8 (commencing with Section 25680) to Division 15 of the Public Resources Code, relating to biomethane.

LEGISLATIVE COUNSEL'S DIGEST

AB 577, as amended, Bonilla. Biomethane: grant program.

~~The~~

Existing law establishes the State Energy Resources Conservation and Development Commission and requires the commission to administer various programs to award grants and other financial assistance for energy-related projects. The California Global Warming Solutions Act of 2006 designates the State Air Resources Board as the state agency charged with monitoring and regulating sources of emissions of greenhouse gases. The state board is required to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions level in 1990 to be achieved by 2020. The act authorizes the state board to include the use of market-based compliance mechanisms. Existing law requires all moneys, except for fines and penalties, collected by the state board from the auction or sale of allowances as part of a market-based compliance mechanism to be

deposited in the Greenhouse Gas Reduction Fund and to be available upon appropriation.

~~This bill would, upon appropriation, allocate \$13,000,000 from the fund to the State Energy Resources Conservation and Development Commission for the implementation of a biomethane collection and purification grant program. The bill would require the commission to develop and implement the a grant program to award moneys grants for projects that build or develop collection and purification technology, infrastructure, and projects that upgrade existing biomethane facilities to meet certain requirements. The bill would, upon appropriation, authorize moneys in the fund to be used to fund grants awarded pursuant to the program.~~

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) California imports 91 percent of its natural gas, which is
- 4 responsible for 25 percent of all greenhouse gas (GHG) emissions.
- 5 This costs California billions of dollars in lost revenues and jobs.
- 6 (b) California made a commitment to address climate change
- 7 with the California Global Warming Solutions Act of 2006
- 8 (Division 25.5 (commencing with Section 38500) of the Health
- 9 and Safety Code). For California to meet its GHG reductions goals,
- 10 the GHG emissions from the natural gas sector must be reduced.
- 11 (c) Biomethane is gas generated from organic waste through
- 12 anaerobic digestion, gasification, pyrolysis, or other conversion
- 13 technology that converts organic matter to gas. Biomethane may
- 14 be produced from sources such as agricultural waste, forest waste,
- 15 landfill gas, wastewater treatment byproducts, and diverted organic
- 16 waste.
- 17 (d) Biomethane provides a more sustainable and cleaner
- 18 alternative to natural gas. If 10 percent of California's natural gas
- 19 use were to be replaced with biomethane, GHG emissions would
- 20 be reduced by tens of millions of metric tons of carbon dioxide
- 21 equivalent every year.
- 22 (e) Almost 300 billion cubic feet of biomethane could be
- 23 produced in California each year. This biomethane could power

1 2 to 3 million homes or generate 2.4 billion gallons of clean,
2 ultralow carbon transportation fuels.

3 (f) Investing in biomethane would create cobenefits, such as
4 renewable power available 24 hours a day, seven days a week,
5 reduction of fossil fuel use, reduction of air and water pollution,
6 and new jobs.

7 (g) Biomethane could be used for things such as transportation
8 fuel or injected into the natural gas pipeline for other uses. The
9 most appropriate use of biomethane varies depending on the source,
10 proximity to existing natural gas pipeline injection points or large
11 vehicle fleets, and the circumstances of existing facilities.

12 (h) The biomethane market has been slow to develop in
13 California because the collection and purification of biomethane
14 can be costly. Investing in biomethane purification equipment and
15 infrastructure is necessary for companies to meet existing
16 biomethane safety and purity standards. Alternative funding for
17 compliance with standards established pursuant to Section 25421
18 of the Health and Safety Code must be found so that biomethane
19 can be transmitted via California's vast natural gas pipeline
20 infrastructure.

21 (i) Biomethane is poised to play a key role in future natural gas
22 and hydrogen fuel markets as a blendstock that can significantly
23 reduce the carbon footprint of these two fossil-based alternative
24 fuels.

25 ~~SEC. 2. Section 39718.5 is added to the Health and Safety~~
26 ~~Code, to read:~~

27 ~~39718.5. Upon appropriation by the Legislature, thirteen million~~
28 ~~dollars (\$13,000,000) from the fund shall be allocated to the State~~
29 ~~Energy Resources Conservation and Development Commission~~
30 ~~for the purposes of Chapter 7.8 (commencing with Section 25680)~~
31 ~~of Division 15 of the Public Resources Code.~~

32 ~~SEC. 3:~~

33 ~~SEC. 2.~~ Chapter 7.8 (commencing with Section 25680) is added
34 to Division 15 of the Public Resources Code, to read:

35
36 CHAPTER 7.8. BIOMETHANE COLLECTION AND PURIFICATION
37 GRANT PROGRAM
38

39 25680. (a) The commission shall develop and implement a
40 grant program to award moneys appropriated pursuant to Section

1 39718.5 of the Health and Safety Code for projects that build or
2 develop collection and purification technology, infrastructure, and
3 projects that upgrade existing biomethane facilities to meet the
4 requirements established pursuant to Section 25421 of the Health
5 and Safety Code.

6 (b) In granting an award, the commission shall consider both
7 of the following:

8 (1) Opportunities to colocate biomethane producers with vehicle
9 fleets to generate biomethane and convert it to transportation fuel
10 in the same location.

11 (2) Location of biomethane sources and their proximity to
12 natural gas pipeline injection sites.

13 (c) In prioritizing projects eligible for grants pursuant to this
14 section, the commission shall maximize the reduction of
15 greenhouse gas emissions achieved by a project for each dollar
16 awarded.

17 (d) *Grants awarded pursuant to this section may be funded,*
18 *upon appropriation by the Legislature, from the Greenhouse Gas*
19 *Reduction Fund established pursuant to Section 16428.8 of the*
20 *Government Code.*